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NCUA Central Offices

Office of Small Credit Union Initiatives

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[http://www.ncua.gov/Resources/
CUs/Dev/Pages/CUDev.aspx](http://www.ncua.gov/Resources/CUs/Dev/Pages/CUDev.aspx)

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Office of Consumer Protection
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NCUA's Low Income Designation





NCUA's Low-Income Designation

What Is A Low-Income Credit Union?

A low-income credit union is one in which a majority of its membership (50.01%) qualifies as low-income members as defined in Section 701.34 of the NCUA Rules and Regulations.

Low-income members are those members whose family income is 80% or less than the median family income for the metropolitan area where they live or national metropolitan area, whichever is greater, or those members who earn 80% or less than the total median earnings for individuals for the metropolitan area where they live or national metropolitan area, whichever is greater. NCUA will use the statewide or national, non-metropolitan area median family income/median earnings for individuals instead of the metropolitan area or national metropolitan area median family income/median earnings for individuals for members living outside a metropolitan area.

Income estimates are based on the U.S. Census Bureau's most current decennial census and/or American Community Survey statistics, whichever is most beneficial.

Low-income members are also those members enrolled as students in a college, university, high school, or vocational school.



What Are The Benefits of Being A Low-Income Designated Credit Union?

Low-income designated credit unions may:

- Accept non-member deposits
- Participate in the Community Development Revolving Loan Program
- Offer secondary capital accounts
- Qualify for exception from the aggregate loan limit for member business loans

The NCUA Community Development Revolving Loan Program provides both loans and grants for technical assistance to low-income designated credit unions. Only operating credit unions are eligible to participate in the program.

State chartered low-income designated credit unions may not be afforded some of the benefits listed above if laws in their state do not allow these benefits.

How Does My Credit Union Obtain a Low-Income Designation?

NCUA will test a federal credit union's qualification status based on data obtained through examinations. The Office of Consumer Protection (OCP) director will notify a federal credit union that it qualifies for designation as a low-income credit union if a majority of its membership qualifies as low-income members. A federal credit union that wishes to receive the designation will reply to the OCP director in writing within 30 days of receipt of the OCP director's notification.

Federal credit unions that do not receive notification but believe they qualify may submit information to the OCP director to demonstrate their eligibility for a low-income credit union designation. For example, federal credit unions may provide actual member income from a statistically valid sampling of loan applications or surveys to demonstrate a majority of their membership is low-income.

If the OCP director determines a low-income designated federal credit union no longer meets the criteria for the designation, NCUA will notify the federal credit union in writing. Grandfather provisions and appeal procedures are available for federal credit unions that no longer qualify for a low income designation.

State chartered credit unions should contact their state supervisor or the OCP.

What resources are available to assist my credit union to qualify for a low-income designation?

- NCUA Rules and Regulations Part 701.34
- NCUA Office of Small Credit Union Initiatives
- Your local examiner or NCUA regional office
- U.S. Census Bureau
<http://factfinder2.census.gov/faces/nav/jsf/pages/index.xhtml>